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## Employment Background Screening Company to Pay \$2.6 Million Penalty for Multiple Violations of the Fair Credit Reporting Act

### FTC Charges HireRight Solutions Incorrectly Listed Criminal Convictions on Reports of Some Consumers

FOR RELEASE

August 8, 2012

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An employment background screening company that provides consumer reports to companies nationwide will pay \$2.6 million to settle Federal Trade Commission charges that it [violated the Fair Credit Reporting Act by failing to use reasonable procedures to assure the maximum possible accuracy of information it provided](#), failing to give consumers copies of their reports, and failing to reinvestigate consumer disputes, as required by law.

The case against HireRight Solutions, Inc. represents the first time the FTC has charged an employment background screening firm with violating the FCRA, and is the second-largest civil penalty that the FTC has obtained under the Act. Only the [2006 \\$10 million civil penalty against consumer data broker ChoicePoint, Inc.](#) was larger. The Department of Justice filed the complaint and proposed order against HireRight Solutions on the FTC's behalf. Under the settlement, the company also is barred from continuing its alleged illegal practices.

In its capacity as a consumer reporting agency, HireRight Solutions, provides background reports that contain information about prospective and current employees to help thousands of employers make decisions about hiring and other employment-related issues. Under the FCRA, the company's reports qualify as "consumer reports." They contain public-record information, including the individuals' criminal history.

The FTC alleges that in many cases, when it provided consumer reports to employers, HireRight Solutions failed to take reasonable steps to ensure that the information in the reports was current and reflected updates, such as the expungement of criminal records. Because of this, the FTC charged, employers sometimes received information that incorrectly listed criminal convictions on individuals' records.

In addition, according to the FTC's complaint, HireRight Solutions failed to follow reasonable procedures to prevent the same criminal offense information from being included in a consumer report multiple times, failed to follow reasonable procedures to prevent obviously inaccurate consumer report information from being provided to employers, and in numerous cases even included the records of the wrong person. The FTC alleged that these failures led to consumers being denied employment or other employment-related benefits.

Under the FCRA, consumer reporting agencies must allow consumers to access their own information and dispute any inaccuracies. To do this, the consumer reporting agency must clearly and adequately disclose information in their file to a consumer who requests it. Next, within 30 days of being notified that a consumer wants to dispute the information in his or her report, the consumer reporting agency must conduct a reasonable investigation to determine whether the information is inaccurate, record the status of the information, or delete it from the file. Finally, the consumer reporting agency must notify consumers in writing of the results of this reinvestigation of their file within five days of when it's completed.

In numerous instances, HireRight Solutions failed to comply with these FCRA requirements, the FTC alleges. This includes failing to conduct investigations of disputed items in a consumer's file after being notified of a dispute, requiring consumers who wanted to dispute information in their file to have a copy of the report before the company would start a reinvestigation, and telling consumers who did not have a copy of their report to request one before they would reinvestigate, delaying the dispute process and making it more difficult. In addition, according to the FTC, HireRight Solutions closed complaint investigations without providing written notice of the results to consumers, as required.

Finally, the complaint alleges that HireRight Solutions failed to provide consumers with written notification that it had reported public record information about them to employers when it was being reported, as the FCRA requires.

In addition to the \$2.6 million civil penalty, the settlement prohibits HireRight Solutions from:

- failing to maintain reasonable procedures to ensure that its consumer report information is as accurate as possible;
- failing to provide consumers with information in their files in a timely manner;
- requiring consumers to obtain a copy of their report before the company will conduct a dispute reinvestigation;
- failing to provide consumers with the results of a dispute reinvestigation; and
- failing to comply with the requirements for consumer reporting agencies that use public record information.

### **Consumer Education**

The FTC has a variety of resources available for consumers seeking information about employment background checks. They included a business blog post, "[Where HireRight Solutions Went Wrong](#)," the consumer education publications, "[What to Know When You Look for a Job](#)" and "[Employment Background Checks and Credit Reports](#)," and a new video, "What to Know When Looking for a Job."

The Commission vote to authorize the staff to refer the complaint to the Department of Justice, and to approve the proposed consent decree, was 5-0. The DOJ filed the complaint and proposed consent decree on behalf of the Commission in U.S. District Court for the District of Columbia on August 8, 2012. The proposed consent decree is subject to court approval.

**NOTE:** The Commission authorizes the filing of a complaint when it has "reason to believe" that the law has been or is being violated, and it appears to the Commission that a proceeding is in the public interest. The complaint is not a finding or ruling that the defendant has actually violated the law. This consent judgment is for settlement purposes only and does not constitute an admission by the defendant of a law violation. Consent judgments have the force of law when signed by the District Court judge.

The Federal Trade Commission works for consumers to prevent fraudulent, deceptive, and unfair business practices and to provide information to help spot, stop, and avoid them. To file a complaint in English or Spanish, visit the FTC's online [Complaint Assistant](#) or call 1-877-FTC-HELP (1-877-382-4357). The FTC enters complaints into Consumer Sentinel, a secure, online database available to more than 2,000 civil and criminal law enforcement agencies in the U.S. and abroad. The FTC's website provides [free information on a variety of consumer topics](#). Like the FTC on [Facebook](#), follow us on [Twitter](#), and [subscribe to press releases](#) for the latest FTC news and resources.

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[HireRight Solutions, Inc.](#)

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[What to Know When You Look for a Job](#)

## For Businesses

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[Using Consumer Reports: What Employers Need to Know](#)

[Disposing of Consumer Report Information? New Rule Tells How](#)

[Where HireRight Solutions Went Wrong](#)

## Media Resources

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Our [Media Resources](#) library provides one-stop collections of materials on numerous issues in which the FTC has been actively engaged. These pages are especially useful for members of the media.

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